

Message Text

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PAGE 01 STOCKH 03043 201345Z
ACTION EUR-12

INFO OCT-01 EA-07 IO-13 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-07 FRB-03 INR-07 NSAE-00 EPG-02 SP-02
STR-04 TRSE-00 LAB-04 SIL-01 OMB-01 /070 W
-----128806 201931Z /43

R 201223Z JUL 77

FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 1136
INFO AMEMBASSY BERN
AMEMBASSY BRUSSELS
USMISSION GENEVA
AMEMBASSY HELSINKI
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL GOTEBORG UNN

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USEEC, USOECD

E.O. 11652: N/A
TAGS: ETRD, GATT, SW
SUBJECT: EXPORT INFLATION INSURANCE (EII)

REF: GENEVA 5608

1. EMBOFF HAD CHANCE TO REVIEW EII WITH MINCOMMERCE OFFICIAL
AT WORKING LEVEL (LOEV). SWEDES CONTINUE TO BE READY TO
DISCUSS EXCHANGE RATE GUARANTEE SCHEME OUTSIDE SCOPE OF WP
TERMS OF REFERENCE AND ARE WILLING TO DISCUSS SWEDISH GUARANTEES
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SPECIFICALLY IF OTHERS WILL DO SO. ACCORDING TO LOEV THIS
WOULD BE EASY. AS NO APPLICATIONS HAVE YET BEEN RECEIVED UNDER
SWEDISH GUARANTEE PLAN. WE SUSPECT THIS MAY BE DUE
TO FACT THAT PREMIUM SET TOO HIGH (LOEV'S HYPOTHESIS)
BUT IS MORE LIKELY RELATED TO FACT THAT GREAT MANY
SWEDISH EXPORTS QUOTED IN DOLLARS AND VAST MAJORITY
OF SWEDISH BUSINESSMEN NOW PERCEIVE EXCHANGE RISK TO

BE LOW IN TERMS OF DOLLAR/KRONA. (EMBASSY HAS REPORTED SEPARATELY ON PRIVATE SPECULATION THAT KRONA WILL BE DEVALUED.)

2. SWEDES CONTINUE TO DOUBT THAT EII SCHEMES CAN BE SELF-SUPPORTING IN VIEW OF CURRENT AND EXPECTED RATES OF INFLATION, AND IN ANY EVENT ARE NOT WILLING TO ACCEPT SCHEME WHICH SEEMS SO CLEARLY TO BE SUBSIDY, AS ARE FRENCH, UK, AND FINNISH.

3. SWEDES HAVE HOPED THAT NATIONS WITH EII SCHEMES MIGHT MOVE FURTHER THAN SELF-FINANCING IN ORDER TO MAKE PROVISIONS COMPATIBLE WITH ARTICLE XVI OF GATT, BUT NOW SEE LITTLE CHANCE.

4. EMBOFF QUERIED DEPTH OF SWEDISH INTEREST ON GROUNDS THAT SWEDEN DOES NOT COMPETE HEAVILY WITH UK AND FRENCH IMPORTS. LOEV REPLIED THAT SWEDES HAVE LONG BEEN CONCERNED ABOUT FINNISH SCHEMES WHICH HE FEELS DO COMPETE WITH SWEDISH EXPORTS. GOVERNMENT HAS ALSO RECEIVED COMPLAINTS FROM SWEDISH INDUSTRY, COMPLAINTS WHICH ARE THE MORE VOCIFEROUS BECAUSE OF THE DEPRESSED STATE OF SWEDISH EXPORT INDUSTRY. FINALLY, SWEDEN IS OPPOSED TO EII SCHEMES ON PRINCIPAL OF THEIR NATURE AS SUBSIDY AND WOULD OPPOSE THEM ON THESE GROUNDS IN ABSENCE OF COMMERCIAL INTEREST.

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5. LIKELY THAT LOEV WILL ATTEND JULY 25 SESSIONS OF WP.
PERRY

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Sent Date: 20-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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Disposition Remarks:
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Handling Restrictions: n/a
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